



## *City of Pleasant Hill*

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### MEMORANDUM

TO: Budget Committee Chairman Michael Harris  
Councilmember David Durant  
June Catalano, City Manager

FROM: Andrew Murray, Assistant City Manager  
Mary McCarthy, Finance Manager

DATE: December 16, 2013

SUBJECT: Recommendation to Include Additional Long-Term Planning Information in the FY 2014/2016 Budget Document

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#### Introduction

City staff is continuously working to improve budget and finance processes and documents based on suggestions from the City Council, emerging best practices in the public finance field, and the input of other stakeholders. Consistent with this effort, staff is recommending that the City include the following additional long-term planning information in the budget document, to make it a more complete resource:

- An expanded five-year forecast that would include an optimistic, pessimistic, and moderate/most likely scenario;
- The Capital Improvement Plan (CIP) and Master Fee Schedule (MFS) as sections of the budget document rather than standalone documents; and
- Information technology (IT) capital projects in the CIP, along with facility and infrastructure projects.

#### Expanded Five-Year Forecast

The fiscal year (FY) 2012/2014 budget document included a five-year revenue and expenditure forecast. The purpose of the forecast is to illustrate whether the City is expecting to face a budget surplus or shortfall during the two-year budget period and the subsequent three years, based on certain assumptions. This provides context for budget adoption decisions. Staff intends to include an “optimistic” and “pessimistic” forecast in addition to a moderate or “most likely” forecast in the next five year projection, which will provide an opportunity for more comprehensive long range planning. These projections are likely to be more accurate now that some of the volatility in the economy has been reduced.

### Capital Improvement Plan (CIP) and Master Fee Schedule (MFS) as Sections of Budget

The City has traditionally published the Capital Improvement Plan (CIP) and Master Fee Schedule (MFS) as separate documents from the proposed budget, and has amended and adopted the CIP and MFS through processes that are separate from the budget adoption process. Staff is proposing that the CIP and MFS be included as sections of the budget document, to consolidate all key budget information and decisions into a single budget document and approval process. This will make it easier for residents and other interested parties to find key budget information and participate in the public process. Note that per State law, the setting of fees in the MFS must be through ordinance with a duly noticed public hearing, whereas the budget and CIP are adopted in Pleasant Hill through resolution.

### Information Technology (IT) Capital Projects in the CIP

In addition to incorporating the CIP into the budget document, staff is further recommending that the City begin to include information technology (IT) capital projects in the CIP. The CIP has traditionally only included facility and infrastructure projects. However, IT systems are becoming an increasingly more prominent and expensive component of municipal operations. Developing and maintaining adequate IT systems requires strong long-term planning and significant expenditures. In that way, IT systems are similar to brick and mortar systems, and should be planned long term in a comparable fashion.

### Staff Recommendation

Staff recommends that the City include the following in the FY 2014/2016 budget document: an expanded five-year forecast; the Capital Improvement Plan (CIP) and Master Fee Schedule (MFS); and IT projects in the CIP.